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Federal Communications Commission
Office of the Secretary

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Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: Ex Parte Notice of Nexus Communications, Inc. WC Docket Nos. 11-42 and 03-109,
CC Docket No. 96-45**

Dear Secretary Dortch:

Nexus Communications, Inc. ("Nexus") supports many of the suggestions posited by industry participants to reform and modernize the Low Income program, and takes this opportunity to share with the Commission Nexus' view on some of these suggestions.

Nexus, a wireline and wireless eligible telecommunications carrier ("ETC") in twenty-five states, is a leader in the industry at implementing internal policies to eliminate waste, fraud and abuse in the Low Income program. For example, Nexus, from the very onset of providing wireless Lifeline services voluntarily self-imposed a nation-wide policy of de-enrolling consumers from the program after 60 days of non-use. In fact, Nexus de-enrolls approximately ***BEGIN CONFIDENTIAL [REDACTED] END CONFIDENTIAL*** of its subscribers for non-usage. Nexus supports the adoption of a mandatory 60-day de-enrollment requirement for all ETCs, for 100% of the customer base with no exceptions for "statistically-valid sample" type limitations. Additionally Nexus supports the adoption of a requirement that all ETCs report the number of de-enrolled subscribers on a monthly basis to the appropriate state commission (or the Commission for states that do not regulate wireless ETCs). Unless and until all wireless ETCs adopt the non-usage policy for 100% of their respective customer bases, the maximum savings for the program will not be realized. Such a measure has been estimated by one ETC as having a potential savings to the program of \$230 million if in fact all wireless ETCs would impose the restriction.¹

Nexus would also support further efforts such as requiring ETCs to obtain a prospective subscriber's date of birth and the last four digits of a subscriber's social security number

¹ Ex Parte filing of TracFone Wireless, Inc. in WC Dockets 11-42, 03-109, CC Docket 96-45 (filed Oct. 17) ("TracFone Ex Parte") at Powerpoint attachment, slide 4.

("DOB/SSN"), in order to provide further tools for ETCs to verify eligibility and identity, another restriction that Nexus has voluntarily self-imposed on the company's wireless Lifeline operations from the beginning of its wireless Lifeline services. Nexus already turns away ***BEGIN CONFIDENTIAL [REDACTED] END CONFIDENTIAL*** of prospective Lifeline subscribers for failure to self-certify. The additional of gathering DOB/SSN would further enhance efforts to ensure full compliance with program rules. Such measures have been estimated by an ETC as having a potential savings of \$192 million if in fact all wireless ETCs would impose such restrictions.²

From the beginning of its operations, Nexus has also supported the creation of a national database to definitively eliminate duplicative support as well as to provide a definitive means of determining consumers' eligibility.³ The establishment of a national, electronic database would achieve at least similar levels of savings as the DOB/SSN proposal but a database also has the advantages of drawing eligibility information directly from state government agencies in addition to providing an immediate duplication check and lowering the associated administrative costs. Nexus strongly supports the immediate establishment of an eligibility database for definitive eligibility verification, a measure has been estimated to have the potential to save \$270 million in USF funding.

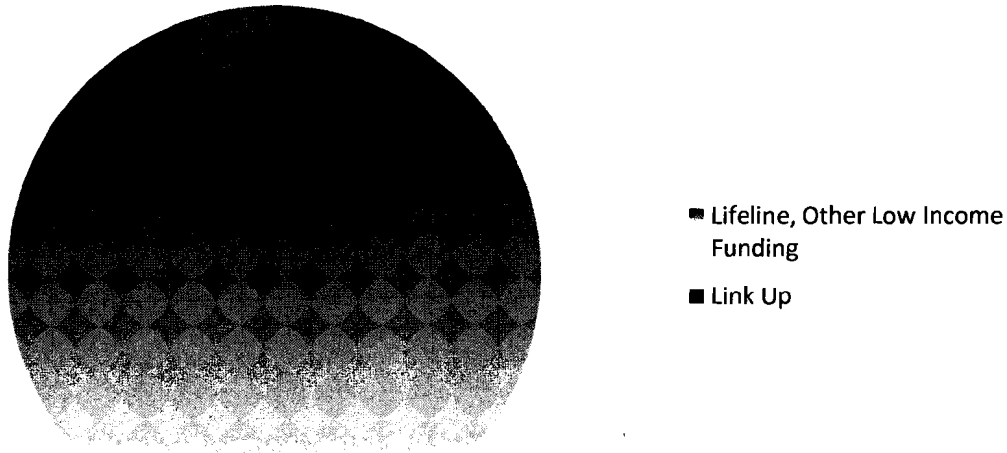
These figures and solutions to attack waste, fraud and abuse stand in stark contrast to proposals that call for eliminating Link Up—an absolutely essential element of the Low Income program since its inception—based on outdated concepts of service activation. In today's telecommunications market both landline carriers and wireless carriers activate new subscribers by setting up accounts electronically. No longer is the picture of the tool-belted worker in a hard hat the norm for setting up service at a residence, unless that residence is a "new build." Just like any landline carrier, Nexus undertakes activation by electronically setting up an account, except that Nexus performs more individualized services to its subscribers by, often, bringing the services to them for greater accessibility. In doing so, Nexus incurs the same types of costs that other ETCs incur in activating service, including costs incurred by wireline carriers whose receipt of Link-Up has never been questioned. Activating the service of a wireline or wireless service is an essential and legitimate part of providing the service to qualified consumers, and facilities-based providers such as Nexus incur real and significant costs in doing so. Moreover, Link Up funding constitutes a very small portion of the overall Low Income program. Based on USAC's most recently-available quarterly projection, Link Up only constitutes five percent (5%) of the overall program.⁴

² *Id.*

³ In the Matter of Lifeline and Link Up Reform and Modernization; Federal-State Joint Board on Universal Service; Lifeline and Link Up, Comments of Nexus Communications, WC Dockets 11-42, 03-109, CC Docket 96-45 (filed Apr. 21, 2011).

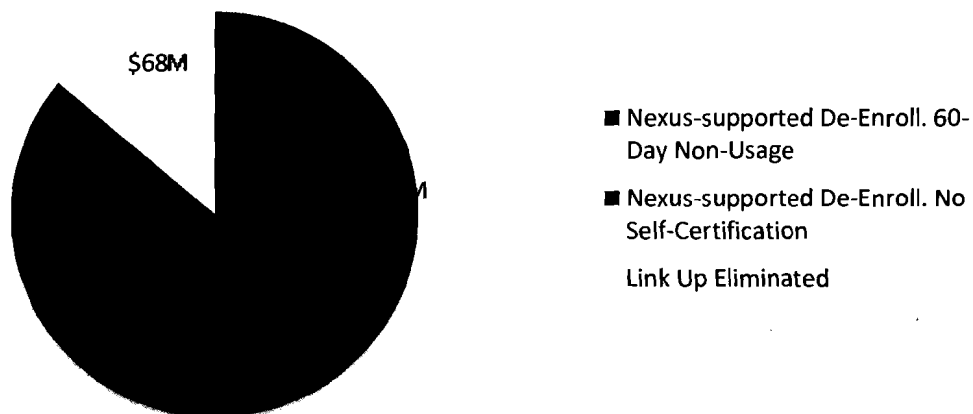
⁴ Projection for second quarter 2011, Appendix LI04, available on USAC's website at <http://www.usac.org/about/governance/fcc-filings/2011/quarter-2.aspx>. The total Low Income funding in this Appendix is \$383,782,081, of which \$20,269,131 was Link Up funding. Out of the total, Link Up represents, therefore, only five percent (5%, i.e., \$20,269,131 ÷ \$383,782,081).

Link Up A Small Portion of the Program--5%



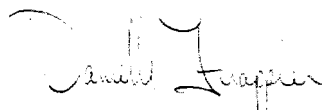
Even when compared to the total estimated savings of the three proposed measures described above, the relatively small "savings" achieved by eliminating Link Up would be dwarfed by the harsh outcome for millions of poor Americans who depend on these services.

False Link Up "Reform" Saves Little At the Expense of the Poor



Not only would the elimination of Link Up achieve little in savings, it would prevent the poorest Americans from receiving Lifeline service—those who simply cannot afford to pay service activation fees or enter into long-term contracts with high early termination fees. While Nexus strongly agrees that actual waste, fraud and abuse should be eliminated, it would be a serious mistake to attribute most of the recent growth of the program to such problems given the unprecedented number of eligible Americans during the worst economic downturn since the Great Depression.⁵ Currently, one in eight Americans now receives food stamps, and the United States Department of Agriculture estimates that one in three eligible Americans are not receiving the benefits they are entitled to.⁶ As the Commission considers the various proposed reforms, it must not lose sight of the very real needs of America's poor. Any relatively modest savings achieved from eliminating Link Up would simply come at the expense of low income consumers.

Respectfully submitted,



Danielle Frappier

⁵ See *Three Top Economists Agree 2009 Worst Financial Crisis Since Great Depression; Risks Increase if Right Steps Are Not Taken* (February 29, 2009). Reuters. available at <http://www.reuters.com/article/2009/02/27/idUS193520+27-Feb-2009+BW20090227> retrieved 04-18-2011, from Business Wire News database; Report of Business Cycle Dating Committee, National Bureau of Economic Research (September 20, 2010). available at <http://www.nber.org/cycles/sept2010.html>; *How the Great Recession Has Changed Life in America*, Pew Research Center (June 30, 2010) available at <http://pewsocialtrends.org/2010/06/30/how-the-great-recession-has-changed-life-in-america/> (“Of the 13 recessions that the American public has endured since the Great Depression of 1929-33, none has presented a more punishing combination of length, breadth and depth than this one.”).

⁶ See Supplemental Nutrition Assistance Program, Data as of March 2011, United States Department of Agriculture (showing increase from 30 million to 45 million citizens, and from \$3.6 to \$5.7 billion monthly in food stamp program from October 2008 to January 2011), available at <http://www.fns.usda.gov/pd/34SNAPmonthly.htm>; see also *Reaching Those in Need: State Supplemental Nutrition Assistance Program Participation Rates in 2008 -- Summary*, United States Department of Agriculture, Office of Research and Analysis, December 2010, p. 1 (“Nationally, the SNAP participation rate among all eligible persons was 67 percent (Leftin, 2010) in fiscal year 2008”), available at <http://www.fns.usda.gov/ora/menu/Published/snap/FILES/Participation/Reaching2008Summary.pdf>.